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Feature Article - Measuring Australia's Progress

INTRODUCTION

Measuring a nation's progress - providing information about whether life is getting better - is one of the most important tasks that a national statistical agency can take on. For almost 100 years, the ABS has been measuring Australia's progress through the multitude of statistics we publish relating to Australia's economy, society and environment. However, for the most part, our statistical publications have tended to focus on each of these three broad areas in isolation.

Recent years have seen growing public interest in the interrelationships between economic, social and environmental aspects of life. There have been, for example, debates about the sustainability of economic growth and a recognition that the environment is neither an inexhaustible source of raw materials nor capable of absorbing an unlimited amount of waste. Similarly, progress relates to social concerns - health, education and crime - and whether and how economic growth benefits those areas.

Around the world a consensus is growing that countries and governments need to develop a more comprehensive view of progress, rather than focussing mainly on economic indicators such as Gross Domestic Product (GDP). In an attempt to address this need, the ABS released a new publication on 4 April 2002 entitled **Measuring Australia's Progress** (Cat. no. 1370.0). This article outlines what is available in the new publication and summarises the headline indicators.

WHAT THE PUBLICATION IS ABOUT

Measuring Australia's Progress is about Australia's progress. It is intended to help Australians address the question, "Has life in our country got better, especially during the past decade?"

Answering the question is far from easy. Indeed there can be no definitive answer, because we all have our own views about what is most important to individual and national life. During 2000 and 2001, the ABS consulted a wide range of experts, organisations and individuals to understand what they saw as the most important dimensions of national progress. **Measuring Australia's Progress** presents indicators relating to some of those dimensions. The ABS hopes that Australians will use these headline indicators to form their own views of how our country is progressing.

PUBLICATION CONTENTS

Measuring Australia's Progress is 138 pages long and is available from ABS bookshops for \$38. The major headings are Indicators of Australia's progress, Measuring progress, How the progress indicators are presented, Dimensions and indicators of progress, Population, Headline indicators and the Supplementary commentaries. There are also appendices which explain the criteria for selecting indicators and

other initiatives relating to measuring national progress.

HOW PROGRESS INDICATORS ARE PRESENTED

One way of assessing progress is to consider whether Australia is becoming wealthier (or is maintaining or depleting its wealth). Australia has many forms of wealth, some of which can be measured fairly accurately. In its broadest sense, Australia's wealth is made up of various stocks of assets that include:

- human capital embodied in the knowledge, skills and health of individual Australians;
- social capital embodied in the ways we live together;
- natural capital embodied in our land, air, fresh waters, seas, and flora and fauna; and
- produced and financial capital embodied in machinery, houses, buildings and other assets.

The nation has other forms of wealth, but many are less tangible and far harder to measure. While the spiritual, cultural and emotional wealth of the nation are all important, they are not measured in **Measuring Australia's Progress**. Australia's international networks and external alliances are another resource not readily measured.

Some of the headline indicators relate directly to components of Australia's wealth.

- Some aspects of human capital are discussed in the commentaries **Health**, and **Education and training**.
- Some aspects of social capital are discussed under **Social attachment** - and the liability side, as it were, of the social capital balance sheet is partly reflected in **Crime**.
- Natural capital is discussed under **Air**, **Inland waters**, **Land**, and **Biodiversity**.
- Produced and financial capital is discussed under **National wealth**, and **Housing**.

Other aspects of progress are intimately linked to these varieties of wealth. For example, the commentaries **National income**, **Economic disadvantage and inequality**, and **Work** all shed light on how (and how well) Australia's human and other assets are being used. National income that is not consumed immediately constitutes saving and can be used to accumulate produced and financial capital. The income available to less well-off Australian households is discussed under **Economic disadvantage and inequality**.

Greenhouse gases flow into the air, and might, through global warming, affect other aspects of progress. Australians' **Health** and **Education and training** affect whether they **Work** (and what work they do); work can in turn generate national income.

One can arrange the progress indicators according to the broad variety of Australia's wealth to which they relate. This is, of course, only one of many different ways to display progress indicators.

The publication presents indicators for each of these dimensions. For most dimensions, one headline indicator is chosen. For crime and housing there are two headline indicators. No headline indicator has been chosen for social attachment.

ASSESSING PROGRESS

TABLE 1: ASSESSING PROGRESS - HEADLINE INDICATORS

Human capital	Natural Capital	Produced and Financial Capital	Social Capital
Health	Biodiversity	National Wealth	Crime
Education and Training	Land (clearing and degradation)	National Income	Social Attachment
Work	Water	Economic Disadvantage and Inequality	
	Air quality	Housing	
	Greenhouse Gasses		

A reader's assessment of whether Australia is, on balance, progressing will depend on the relative importance he or she places on each dimension. For some readers, an improvement in the health and education of Australians might be more important than a decline in our biodiversity. Others might disagree.

The reader's overall assessment might also be based upon the strength of progress or regress in each dimension. Or it might be based on patterns that underlie the national trends - so it might be important to know not just whether health is improving for the Australian population overall, but also whether it is improving for particular groups of Australians (such as Aboriginal and Torres Strait Islander peoples). The commentary on each indicator provides additional information of these kinds.

More generally, a presentation based solely on indicators is of limited use for policy analysis. Indicators should be data sets which enable analysis sub-populations, whether based on geography or other personal characteristics.

The suite of indicators presented in **Measuring Australia's Progress** suggests progress in some areas of Australian life and regress in others. What follows is a very brief summary of information embodied in the headline indicators. Overall progress, as explained above, should not be assessed by simply counting the numbers of areas getting better and subtracting those getting worse. Some aspects of progress (especially aspects such as national income and national wealth) are more easily encapsulated in a small number of indicators, than are some social and environmental aspects of progress. And some readers will give greater importance to some progress indicators than others.

HUMAN CAPITAL

Three headline indicators are associated with human capital. All three suggest progress during the past decade.

- **Health.** During the past decade, Australians' health improved - children born in 1999 were expected to live three years longer than those born in 1990. Indigenous Australians, however, can still expect to live some 20 years less than other Australians.
- **Education and training.** During the 1990s, the Australian population became more educated - between 1990 and 2000 the proportion of people aged 25-64 years with a vocational or higher education qualification rose from 46% to 50%.
- **Work.** Since the last recession in the early 1990s the unemployment rate has gradually declined, and the unemployment rate in 2001 was 6.7%.

NATURAL CAPITAL

It is difficult to obtain national time series data that encapsulate the changes in Australia's natural capital. Five of the six headline indicators suggest regress during the past decade. Biodiversity cannot be measured comprehensively, but some experts, such as those on the State of the Environment Committee, believe Australian biodiversity declined during the past decade. This is partly encapsulated in a rise in the numbers of threatened birds and mammals. However, there has been an increase in the effort to protect biodiversity.

- **Land clearance.** In 1999, about 470,000 hectares of native vegetation were cleared, an annual rate some 40% higher than in 1991. Land clearance is one influence thought to be reducing biodiversity.
- **Land degradation.** In 2000, about 5.7 million hectares of land were affected by, or at high risk of developing, dryland salinity, a widespread form of land degradation.
- **Inland waters.** Detailed national time series data are not available. But a variety of partial evidence points to a decline in the quality of some of Australia's waterways. In 2000, about a quarter of Australia's surface water management areas were classed as highly used or overused.
- **Air quality.** Australia's air remains relatively clean by the standards of other developed nations. The available indicators, such as the incidence of fine particle pollution in several cities, suggest that Australian air quality has improved during the past decade, despite increased motor vehicle use.
- **Greenhouse gas** emissions in Australia increased by 17% between 1990 and 1999. Australia has some of the highest per capita emissions in the world, in part because of our heavy reliance on fossil fuel burning and also because of the Australian economy's structure.

PRODUCED AND FINANCIAL CAPITAL

Four headline indicators are presented. During the past decade, there has been progress in all four dimensions.

- **National wealth,** as measured in Australia's balance sheet, grew during the 1990s. Real wealth per person increased moderately (by almost 1% a year) between 1992 and 2001.
- **National income** can be used to fund current consumption of goods and services. Or it can be saved to accumulate wealth. Real income per head grew strongly during the past decade (by 2.5% a year) - appreciably stronger growth than during the preceding twenty years.
- **Economic disadvantage and inequality.** The real income of less well-off Australians (those in the second and third lowest deciles of the income distribution) increased between 1994-95 and 1997-98 by 5%. The incomes of better-off groups increased by a similar amount.
- **Housing.** Australia's housing stock is a component of produced capital. The commentary focuses on two social aspects of housing: housing affordability and houses with insufficient bedrooms. Although not a widespread problem, the proportion of houses with insufficient bedrooms declined during the 1990s. The proportion of households experiencing problems with the affordability of their housing remained much the same over the four years 1994-95 to 1997-98.

SOCIAL CAPITAL

Two aspects of social capital are covered in the headline dimensions.

- **Social attachment** refers to the nature and strength of relationships people have with one another. The publication presents a number of indicators showing how aspects of social attachment in Australia are changing, but none of these is accorded headline status. No assessment is made as to whether these changes signal progress or regress.
- **Crime**. Through the 1990s there was an increase in the prevalence of some of the more common personal and property crimes reported to the police. According to police statistics, for every 100,000 Australians in 2000 there were about 2,300 instances of unlawful entry and 740 victims of assault.

LINKS BETWEEN DIMENSIONS OF PROGRESS

Most, if not all, of these dimensions of progress are linked. Changes in one dimension will be associated with changes in many others - sometimes for the better and sometimes for the worse. A few of these links are outlined in each headline commentary.

PLANS FOR THE FUTURE

The next issue of Measuring Australia's Progress is tentatively planned for late 2003. The ABS hopes to build on this first issue to improve the publication in the future, recognising that it will doubtless evolve: important measures of progress may have been omitted, people's views about progress will change, and new data will become available.

FURTHER INFORMATION

Measuring Australia's Progress can be found on the ABS web site, (www.abs.gov.au) under Statistical Products and Services - Main Features - 1370.0. For further information on this topic please contact Ken Tallis on (02) 6252 7290 or e-mail ken.tallis@abs.gov.au

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